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July 15, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St., N.W.
Washington, D.C. 20554

Re: Federal-State Joint Board on Universal Service,
CC Docket No. 96-45

Dear Ms. Salas:

ORIGINAL

On July 13 and 14, representatives of Western Wireless, Inc. ("Western Wireless") made a number of *ex parte* presentations regarding the proceeding referred to above to personnel of the Offices of Commissioners Powell and Tristani (including Commissioner Gloria Tristani), Common Carrier Bureau (including Bureau Chief Kathryn Brown), Wireless Telecommunications Bureau (including Bureau Chief Daniel Phythyon), Cable Services Bureau, Office of Plans and Policy, Office of General Counsel, and Office of Communications Business Opportunities. Participants in these presentations included John Stanton, Chairman and Chief Executive Officer, and Gene DeJordy, Executive Director of Regulatory Affairs, of Western Wireless; and Michele Farquhar and myself of Hogan & Hartson, L.L.P., counsel for Western Wireless. In addition, Tom Wheeler, Brian Fontes, Michael Altschul, Randy Coleman, and Margaret Tutwiler of the Cellular Telecommunications Industry Association also attended these presentations.

I am enclosing a list of the Commission personnel who attended these presentations, and a copy of the handout used during the presentations, which summarizes the substance of the presentations. A videotape regarding Western Wireless's wireless local loop project in Antelope and Reese Valleys, Nevada, which has already been filed in this docket, was also used in these presentations. If you have any questions, please contact me.

Respectfully submitted,

David Sieradzki

David L. Sieradzki
Counsel for Western Wireless, Inc.

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BRUSSELS BUDAPEST LONDON MOSCOW PARIS* PRAGUE WARSAW

BALTIMORE, MD BETHESDA, MD COLORADO SPRINGS, CO DENVER, CO LOS ANGELES, CA MCLEAN, VA

*Affiliated Office

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Enclosures

cc: Attached list of FCC personnel

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FCC Personnel Attending Western Wireless Presentations JUL 15 1998
"Universal Service – The Wireless Solution"
CC Docket No. 96-45

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Office of Commissioner Powell

Kyle Dixon, Legal Advisor
Peter Tenhula, Legal Advisor
Christine Davenport

Office of Commissioner Tristani

Commissioner Gloria Tristani
Paul Gallant, Legal Advisor
Karen Gulick, Legal Advisor

Common Carrier Bureau

Kathryn Brown, Bureau Chief
James Schlichting, Deputy Bureau Chief
Lisa Gelb, Chief, Accounting Policy
Division
Craig Brown, Deputy Chief, Accounting
Policy Division
Emily Hoffnar, Associate Chief,
Accounting Policy Division
Chuck Keller
Bob Loube
Mark Nadel
Lori Wright

Wireless Telecommunications Bureau

Daniel Phythyon, Bureau Chief
Rosalind Allen, Deputy Bureau Chief
Jeanine Poltronieri, Associate Bureau
Chief
Steve Weingarten, Chief, Commercial
Wireless Division
Christina Clearwater
Ben Freeman
David Krech
Joe Levin
Marty Liebman
Elizabeth Lyle
David Siehl
Pieter Van Leeuwen

Cable Services Bureau

Claire Blue

Office of Plans & Policy

Robert Pepper, Chief
Marcelino Ford-Livene

Office of General Counsel

Leonard Boynes
C. Anthony Bush

Office of Communications Business

Opportunities
Eric Jensen

Universal Service

The Wireless Solution

July, 1998

 **western[®]
wireless**

Universal Service

The Wireless Solution

- Overview
- Universal Service Goals
- Wireless Universal Services
- Lower USF Costs
- Public Interest Benefits of Wireless Solution
- Challenges and Obstacles

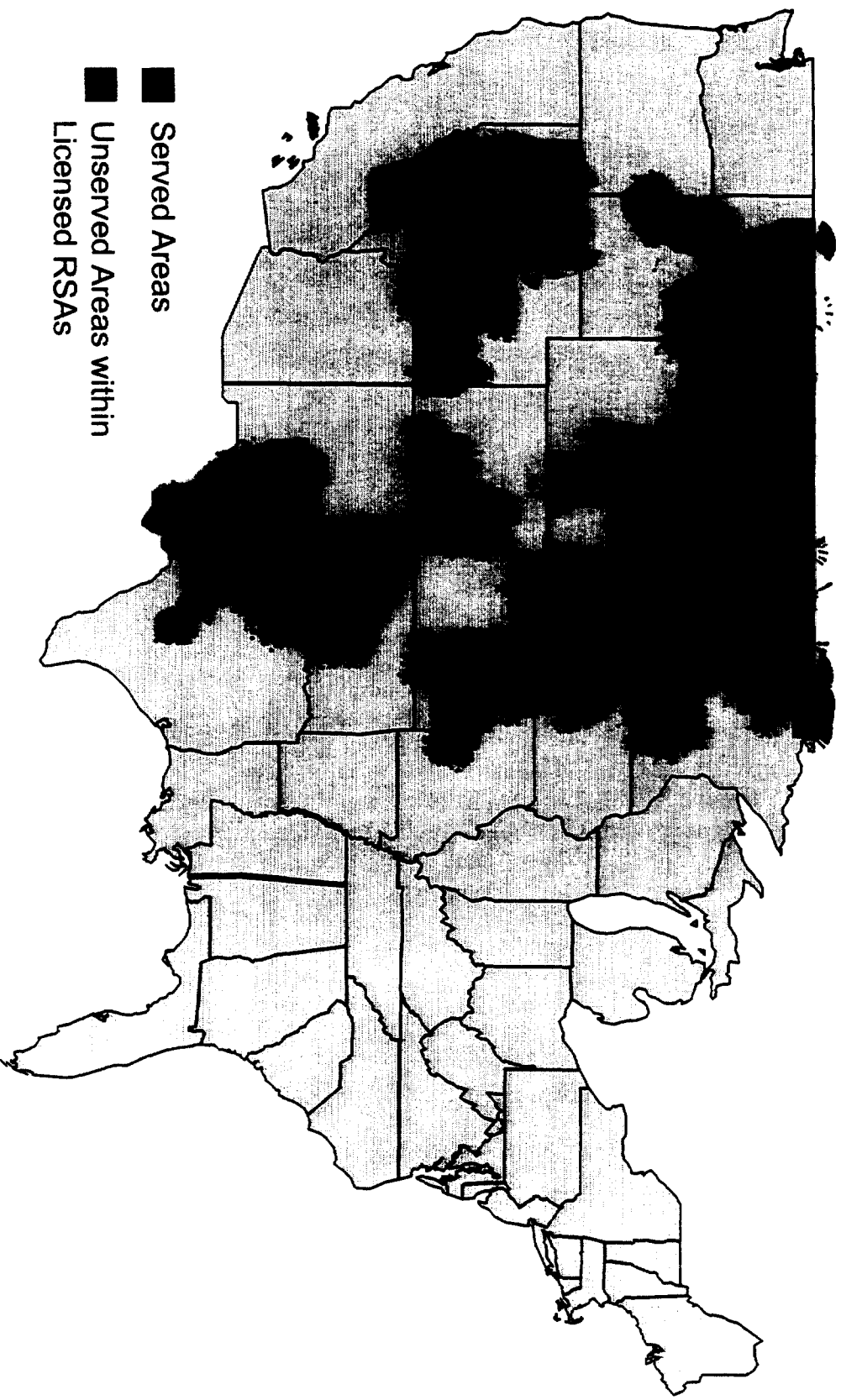
Overview

Wireless Meets Universal Service Goal

- Ability to Serve Consumers in Rural and Urban Areas
- Public Interest Benefits of a Competitively-Neutral Universal System (Federal and State)
- Ability to Provide Required Universal Services Plus Additional Services
- Lower Costs and Lower Subsidies

Overview

Western Wireless Perspective



Overview

Wireless Advantages Over Wireline Systems in Providing Service to Rural Areas

- More Extensive Service Availability
- More Service Options
- Mobility which is Vital
- Lower Costs

Overview

Wireless Provides Public Interest Benefits

- Greater Competition, Particularly in Rural Areas
- Rapid Delivery of Additional Service Options to the Public
- Bring Service to Unserved Areas
- Lower Subsidies at Federal and State Level

Overview

Remaining Challenges/Obstacles

- Establishing and Maintaining Competitive-Neutrality Nationally
- Establishing Competitive Universal Service System in Territories Served by Rural (Independent) Telcos
- Establishing State Universal Service Rules that do not Disadvantage Wireless Carriers

Universal Service Goals

<u>Requirement</u>	<u>How Wireless Carriers can Meet this Goal</u>
Competitively-Neutral	<ul style="list-style-type: none">• Provide Services in Competition with Wireline Carriers - 8 Licenses per Market• Contribute to Fund Universal Service
All Americans	<ul style="list-style-type: none">• Serve Consumers in Areas that are Not Served, Not Adequately Served, or Not Cost-Effectively Served by Wireline Carriers
Affordable	<ul style="list-style-type: none">• Provide More Services at Lower Cost and/or Lower Subsidy
Telecommunication Services	<ul style="list-style-type: none">• Provide the Supported Telecommunications Services Plus Additional Services

Wireless Universal Services

Prerequisites for Universal Service Provider

Wireless Carriers?

Common Carrier

Yes

Offer Supported Services throughout
the Designated Service Area

Yes

Advertise the Availability of
Supported Services

Yes

Designation as an Eligible
Telecommunications Carrier
by State

Yes

Wireless Universal Services

Landline vs. Wireless

<u>Services and Features</u>	<u>Landline</u>	<u>Wireless</u>
Voice Grade Service	yes	yes
DTMF Signaling or Equivalent	yes	yes
Single Party Service	some, not all	yes
Access to Emergency Services	yes	yes
Access to Operator Services	yes	yes
Access to Interexchange Services	yes	yes
Access to Directory Assistance	yes	yes
Lifeline/Link-Up Toll Limiting Services	yes	yes
Data/Internet Capability	yes	yes

Wireless Universal Services

Capabilities that Distinguish Wireless Carriers

- More Extensive Service Availability
- More Service Options
- Expanded Local Calling Areas
- Mobility
- High Quality and Reliability

Wireless Universal Services

More Extensive Service Availability

- Service Availability Depends on Built Facilities in Wireless or Wired Service
- Wireless: 97% of population have access to wireless services
- Landline: 93.8% of households subscribe to landline telephone service with many households unable to receive service; e.g., Reese and Antelope Valley, Nevada

Source: Preliminary Statistics of Communications Common Carriers, FCC (1997 Edition); Cellular CGSA FCC Filings.

Wireless Universal Services

Examples of Wireless' Extensive Coverage in Rural States

	Population Density (Pop/Sq. Mile)	Wired Penetration	Served by Wireless
Texas	64.9	91.3%	99.6%
Nevada	10.9	94.1%	98.0%
North Dakota	9.3	95.8%	98.0%
Montana	5.5	93.7%	98.0%
Wyoming	4.7	93.4%	99.0%

Source: *Preliminary Statistics of Communications Common Carriers, FCC (1997 Edition); Cellular CGSA FCC Filings.*

Wireless Universal Services

Wireless State-of-the-Art Equipment Enables Carriers to Offer More Service Options

Network Infrastructure

Wireline

Wireless

Switching

Some Electro/Mechanical

State-of-the-Art
Digital

Local Loops

Some Multi-Party Lines
Some Older Limited
Capability Loops

Dynamic Assignment
Analog and Digital

Wireless Universal Services

Wireless Carriers are Capable of Providing Services Not Offered by Some Telcos Serving Rural Areas

<u>Network Services Offered</u>	<u>OPASTCO Wireline</u>	<u>Western Wireless***</u>
Voicemail	47.5%**	100%
EAS	39.1%*	100%
TouchTone	64.6%*	100%
Single Line Service	96.5%*	100%
911 Service	54.4%*	100%

**Keeping Rural America Connected: Costs and Rates in the Competitive Era, OPASTCO (1994)*

***OPASTCO Internet Site: <http://www.opastco.org/PRODSRVC.html>*

****Western Wireless services which we believe are representative of all wireless carriers*

Wireless Universal Services

Wireless Carriers Utilize Extended Local Calling Areas (LCAs)

	<u>Wireline</u>	<u>Western Wireless</u>
Montana LCAs	Numerous*	1
North Dakota LCAs	Numerous	1

* In Montana, for example, U S West has 16 extended LCAs and there are 18 independent LECs with their own LCAs.

Wireless Universal Services

- Mobility is Vital in Sparsely Populated Areas
 - Long Distances Between Towns
 - Low Density of Public Pay Phones
 - Rural Commerce Depends More on Mobility
- Access to Emergency Services is More Important

Lower USF Costs

Cost is Inversely Related to Density

<u>State</u>	<u>Population Density (Per Sq. Mile)</u>	<u>Wireline Subsidy for Resident Lines*</u>	<u>Wireline Subsidy Per Population</u>	<u>Wireline Subsidy for All Lines*</u>	<u>Wireline Subsidy Per Population</u>
North Dakota	9.3	\$118.0	\$185	\$152.9	\$239
Montana	5.5	\$149.0	\$186	\$183.1	\$229
Nevada	10.9	\$42.3	\$35	\$51.6	\$43
Wyoming	4.7	\$51.7	\$114	\$60.3	\$133
Texas	64.9	\$400.7	\$24	\$466.0	\$27
All States	70.3	\$4,965.1	\$20	\$5,560.9	\$22

**Subsidies, in millions, based upon results of HAI Wireline Cost Model and benchmark revenues of \$31 per month for residential lines and \$51 per month for business lines.*

Lower USF Costs

Wireless Cost is Substantially Lower in Rural Areas

<u>State</u>	<u>Average Line Density</u>	<u>Wireless Cost Per Line*</u>	<u>Wireline Cost Per Line</u>
Montana - Urban	59.04/sq. mile	\$56.31/mo.	\$22.22/mo.
Montana - Rural	5.77/sq. mile	\$92.90/mo.	\$188.84/mo.
North Dakota - Urban	41.48/sq. mile	\$58.71/mo.	\$22.74/mo.
North Dakota - Rural	3.90/sq. mile	\$77.35/mo.	\$178.21/mo.

** Based upon preliminary HAI wireless cost model results.*

Lower USF Costs

Potential Subsidy Savings Using Wireless Technology

Estimated Subsidy for Wireline Carriers	\$5,560,924,012
Estimated Subsidy Using Wireless Technology	<u>\$2,936,667,737</u>
Estimated Potential Subsidy Savings (48%) *	\$2,624,256,275

** The overall subsidy is based upon HAI wireline cost model and the preliminary results of the HAI wireless cost model for Montana and North Dakota and estimated for the other states*

Lower USF Costs

Wireless Will Greatly Reduce Subsidies

	<u>North Dakota</u>	<u>Montana</u>
Wireline USF Subsidies		
Federal Share	\$29.5	\$37.3
State Share	<u>\$88.5</u>	<u>\$111.7</u>
Total	\$118.0	\$149.0
Wireless USF Subsidies		
Federal Share	\$16.7	\$18.5
State Share	<u>\$50.3</u>	<u>\$55.5</u>
Total	\$67.0	\$74.0
Total Savings with Wireless Technology	\$51.0	\$75.0

Public Interest Benefits of Wireless Solution

- Greater Competition Especially in Rural Areas
- Availability of Additional Services
- Rapid Delivery of Additional Services to the Public
- Bring Service to Unserved Areas
- Lower Cost of Subsidies at Federal and State Level